



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Premier Service Bank

Person to be contacted regarding this report:	Jessica W. Lee
CPP Funds Received:	\$4,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	2/20/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	57059
City:	Riverside
State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	To utilize the CPP capital, PSB was able to continue the Bank's lending activity momentum, also continue the growth of the Bank's total assets and deposit portfolio. In 2009, the Bank's total assets growth was 8.2%, total loan portfolio growth was 2.1% and total deposits growth was 14.7%.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The major type of loan for PSB is commercial real estate. In 2009, our commercial loan portfolio grew 19.8%. In the commercial real estate loan portfolio, 59% of the portfolio are owner occupied properties.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input checked="" type="checkbox"/>	Make other investments	PSB tripled the investment in time deposits with other financial institutions in 2009 from \$396 thousand to \$1.05 million.
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	In 2009, PSB recorded \$1.87 million for provision for loan losses, which was an increase of 27.4% as compared to the \$1.46 million recorded in 2008.

<input checked="" type="checkbox"/>	Reduce borrowings	At the end of 2008, PSB had a \$26.9 million FHLB advance and \$7.4 million in broker deposits. With the CPP Capital and the internal deposit generation, at the end of 2009, the FHLB advance was paid down to \$20 million, 25.7% reduction, and there is no broker deposits.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

With the capital infusion, PSB was able to avoid the interruption of the momentum in lending activities and assets growth, which enable the Bank to continue servicing the local community's need.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Without the capital infusion, PSB may not have been able to reduce as much in the FHLB advances; also, we may not have been able to totally pay off the broker deposits.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.